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ABSTRACT

Appropriate for secondary school social studies or community programs, this publication considers the issue of welfare in the United States. The first of five sections, "Reassessing the Welfare State," looks at the history of welfare in America since Franklin Roosevelt and assesses the need for reexamining policy. "The Generous Revolution" looks at the basic human needs met by the welfare system. "A New Deal for the Neediest" presents the case that greater efforts should be made to provide public assistance to the neediest, even at the expense of cutting back on benefits to others. "Back to Basics" looks at the role the private sector should assume in providing social assistance. "Social Policy in an Age of Limits" considers whether policy developed in the 1930's and 1960's is appropriate for the 1980's. A self-administered pretest and posttest are provided with the readings. Additional materials include a reading list, acknowledgments, and materials order form. (LP)

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NATIONAL ISSUES FORUM

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Welfare: Who Should Be Entitled to Public Help?

When columnist George Will recently remarked that "politics is 95 percent talk," his point was to call attention to the importance in a democracy of a certain kind of conversation. In a truly democratic nation, that conversation cannot be limited to the talking and listening that goes on among elected officials and a small elite of policy advisers.

It is true that the media bring an ample portion of news into our homes, and that allows leaders to speak to us. But it is not enough for us to sit there, passively watching the evening news. Democracy is not, after all, a spectator sport.

Lots of little "publics" called special interest groups are active, vocal, and well organized — and *their* voices are loud and clear enough to be heard. Of course there is nothing wrong with special interest politics. But something important is missing from the conversation of democracy if we talk only to people who share our particular interests, and if political leaders listen only to the petitions of special interest groups.

What is needed is for us to find a way of speaking to elected officials not as representatives of special interest groups but as individuals, as a lobby for the public interest.

That may sound hopelessly naive. It is hard enough for most of us to understand issues to the point of discerning what is in the public interest. It is harder still to believe that anyone is interested in hearing what we think and feel.

That is why the Domestic Policy Association was formed four years ago, to bring Americans together each fall to discuss urgent public issues, and then to share the outcome of those conversations with leaders. The DPA represents the pooled resources of a nationwide network of organizations — including libraries and colleges, museums and membership groups, service clubs and community organizations. The National Issues Forum, which the DPA has organized, provides a nonpartisan forum in which citizens discuss specific policy issues and air their differences.

The goal of the community forums that take place each year under the auspices of the National Issues Forum is to stimulate and sustain a certain kind of conversation — a genuinely useful debate that moves beyond the bounds of partisan politics, beyond the airing of grievances to mutually acceptable responses to common problems.

Each year, the convenors of this nationwide effort choose three issues for discussion. This year's topics are tax reform, the purpose and limits of the welfare state, and U.S.-Soviet relations. There is an issue book like this one for each of the topics. These books are intended to frame the debate by presenting different choices, and the arguments for and against them.

The forum process doesn't end in those local meetings. Each year, the DPA convenes a series of meetings with national leaders to convey the outcome of these forums. One such meeting will take place next March at the Gerald Ford Presidential Library in Ann Arbor, Michigan.

The experience of the past three years indicates that leaders *are* interested in your considered judgment about these issues. We have provided an issue ballot at the beginning and end of this book. With these two ballots, we can help leaders to understand what they are most interested in knowing — how initial thoughts and feelings about an issue differ from the more considered judgment that people reach after thoughtful discussion. Before you begin reading and after you have attended community forums and given some thought to the issue, I urge you to fill out these ballots and mail them back to us.

So, as you begin this issue book from the Domestic Policy Association, you are joining thousands of Americans in the fourth annual season of the National Issues Forum. As the editor of these issue books, I am pleased to welcome you to this con mon effort.

Keith Melville

Keith Melville
Editor-in-Chief
The National Issues Forum

1. Welfare: Who Should Be Entitled to Public Help?

One of the reasons why people participate in the National Issues Forum is that they want leaders to know how they feel about the issues. The Domestic Policy Association has promised to convey a sense of your thinking on the topic of welfare entitlements both locally and at the national level. In order to present your thoughts and feelings about this issue, we'd like you to fill out this short questionnaire *before* you attend forum meetings (or before you read this issue book, if you buy it elsewhere), and another short questionnaire which appears at the end of this issue book after the forum (or after you've read this material).

The leader of your local forum will ask you to hand in this ballot at the end of the forum sessions. If it is inconvenient to do that, or if you cannot attend the meeting, please send the completed ballot to the DPA in the attached envelope. In case no envelope is enclosed, you should send this ballot to the Domestic Policy Association at 5335 Far Hills Avenue, Dayton, Ohio 45429. A report summarizing participants' views will be available from the DPA next spring.

PART I

People differ about what kind of help the federal government should provide to individuals and families. Some people think that the federal government should provide each of the following benefits. Should all Americans receive these benefits? Should only those Americans who need such benefits receive them? Or should the federal government not provide such benefits at all?

The government should provide:	For all Americans	Only if need exists	Not gov't role	Not sure
1. retirement benefits	☐	☐	☐	☐
2. fully paid college education	☐	☐	☐	☐
3. free medical care	☐	☐	☐	☐
4. low-cost housing	☐	☐	☐	☐
5. unemployment compensation	☐	☐	☐	☐
6. low-cost loans for college students	☐	☐	☐	☐

PART II

Indicate whether you agree or disagree with each of the following statements about federal social programs:

	Agree	Disagree	Not Sure
7. Senior citizens are too dependent on Social Security pensions. Americans should save more and expect less help in retirement from the government.....	☐	☐	☐
8. Poor people would do more to improve their own situation if government benefits for the unemployed weren't so generous.....	☐	☐	☐
9. We simply can't spend any more on social programs without hurting the economy.....	☐	☐	☐

PART II (continued)

	Agree	Disagree	Not Sure
10. As the federal government has taken on more and more responsibility for social programs, people have become less inclined to come to each other's assistance	☐	☐	☐
11. The size of the Social Security pension checks people receive should be based upon need and not upon what individuals paid into the system	☐	☐	☐
12. In order to guarantee Social Security retirement benefits to the baby boom generation, benefits will have to be gradually reduced and the retirement age increased	☐	☐	☐
13. Too many benefits go to the middle class, and not enough to those who are needy	☐	☐	☐

PART III

No matter what is done with federal social programs, there are certain costs to be paid. With these costs in mind, which of the following courses of action do you favor?

14. To cover the rising cost of current benefits, I would agree to pay higher taxes	☐	☐	☐
15. To provide more benefits to the truly needy, I would agree to reductions in the benefits to which I am currently entitled	☐	☐	☐
16. To deal with the effects of across-the-board reductions in social programs, I would agree to take substantially more responsibility for the burden that would be thrown back on my family and community	☐	☐	☐

PART IV

17. Did you participate in a DPA forum *last* year?
- Yes ☐
- No ☐

18. Did you (or will you) participate in DPA forums on other topics *this* year?
- Yes ☐
- No ☐

19. What is your zip code? _____

20. Which of these age groups are you in?
- Under 18 ☐
- 18 to 29 ☐
- 30 to 44 ☐
- 45 to 64 ☐
- 65 and over ☐

21. Are you a man or a woman?
- Man ☐
- Woman ☐

NATIONAL ISSUES FORUM

Welfare: Who Should Be Entitled to Public Help?

Prepared for the
Domestic Policy Association
by the
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The Domestic Policy Association

The Domestic Policy Association is a nonprofit, nonpartisan association devoted to raising the level of public awareness and discussion about important public issues. It consists of a nationwide network of institutions — colleges and universities, libraries, service clubs, membership groups, and civic organizations — that bring citizens together to discuss public issues. The DPA represents their joint effort to enhance what they already do by working with a common schedule and common materials. In addition to convening meetings each fall in hundreds of communities in every region of the country, the DPA also convenes meetings at which it brings citizens and national leaders together to discuss these issues and the outcome of community forums.

Each year, participating institutions select the topics that will be discussed in the issue forums. On behalf of the Domestic Policy Association, the Public Agenda Foundation — a nonprofit, nonpartisan research and education organization that devises and tests new means of taking national issues to the public — prepares issue books and discussion guides for use in these forums. The Domestic Policy Association welcomes questions about the program, and invites individuals and organizations interested in joining this network to write to: The Domestic Policy Association, 5335 Far Hills Avenue, Dayton, Ohio 45429.

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We owe it to each other to guarantee the fundamental human decencies. Yet millions of Americans are denied what should be their right — to adequate medical care, food, and at least a minimum family income.

3 **A New Deal for the Neediest** 16

We should make a greater effort to provide more for those who really need public assistance — even if that means cutting back benefits for everyone else.

4 **Back to the Basics** 24

We do not currently have a proper balance between government's role and what people should do for themselves. The welfare state should be trimmed back, and the private sector should once again assume an important role in providing social assistance.

5 **Social Policy in an Age of Limits** 31

In the current reassessment of the federal social program, the underlying question is whether the solutions that were proposed in the 1930s and then amended and expanded in the 1960s are appropriate to the 1980s.

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1

Reassessing the Welfare State

"Fifty years after FDR argued for an expanded role for the federal government in providing for the needs of individuals, there is a growing sense that it is time to reconsider our course, perhaps to change direction."

Consider for a moment what your reaction would be if the President made this radical proposal. Responding to widespread sentiment that the federal government has grown too big and too expensive, he has asked Congress to repeal the entire package of federal social programs. He proposes to abolish not only the Social Security program, but programs such as unemployment compensation and aid to poor families, too. On the grounds that social needs are best taken care of when families and local communities use their own resources to meet them, he proposes to abolish not only Medicare and Medicaid, but also Headstart and other federal education and training programs, the food stamp program, federal housing assistance, and veterans' benefits.

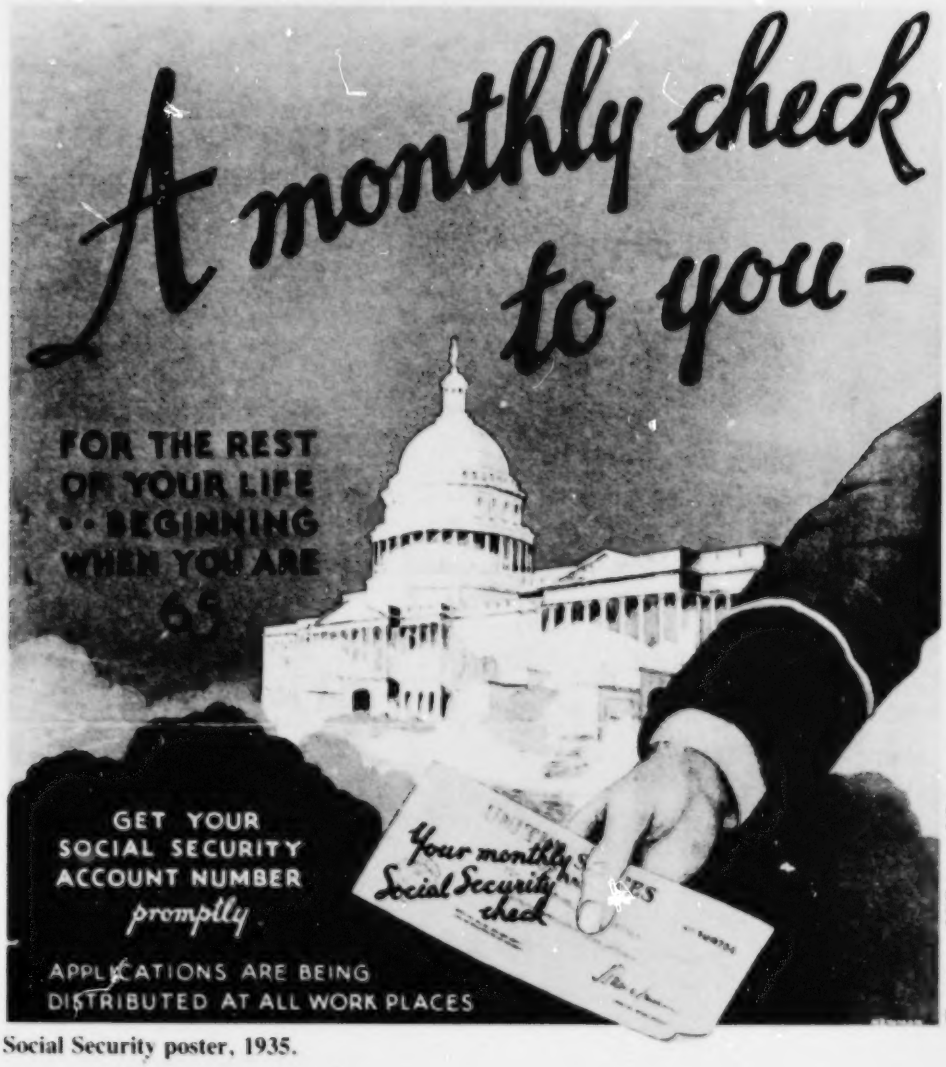
In all, hundreds of federal social programs are to be eliminated, including the entire social "safety net" and the various social insurance programs. Essentially, that would trim the federal social role back to what it was half a century ago, before the New Deal. In turn, the government promises to return to you and every other American an equal share of the savings. Since the annual cost to a typical American family of federal social programs (including their payments into the Social Security program) amounts to about $4,000, you might well consider the proposal.

Think about what you would do if that happened. Local and state government would still provide essential services such as fire and police protection and public schools. Beyond that, you'd be on your own. What would you do to provide for your family's needs and the needs of your community? If you got together with your neighbors to devise a mutual assistance pact, you'd face some difficult choices.

Your first concern might be to make some provision for your elderly parents, and for others in your community who are too old to support themselves. Perhaps you would agree to contribute to the support of other people's parents with the understanding that they and their children agree to support you when you retire. That sounds simple enough. But some agreement would have to be reached about what the elderly are entitled to. While some of the senior citizens in your community are well-off, others are quite poor. Would you choose to contribute to the retirement fund of all senior citizens, or assist just those who are needy? In which case, how should needy be defined?

You'd probably want to create an unemployment fund, too. Although your own job is secure, your son's is not — and you wouldn't be able to bear the burden of supporting him and his family if he is laid off. But if you created an unemployment fund you would bear part of the cost of supporting dozens of families in your community who are suffering the effects of a recent factory closing.

Then you might be concerned not only about your family's security, but also about the welfare of your community. One of the things that you and your neighbors would probably agree


A monthly check to you -
FOR THE REST OF YOUR LIFE .. BEGINNING WHEN YOU ARE 65
GET YOUR SOCIAL SECURITY ACCOUNT NUMBER promptly
APPLICATIONS ARE BEING DISTRIBUTED AT ALL WORK PLACES
Your monthly Social Security check

Courtesy of Library of Congress

Social Security poster, 1935.

upon is that it's a basic responsibility of any community to provide for the destitute. There are certain things people shouldn't have to beg for.

But who should be entitled to support? In your community, there are probably some people who have fallen on hard times through no fault of their own, while others seem to bring perpetual misfortune upon themselves. How would you decide who among the poor should be entitled to assistance? Would you be more generous to those who are unable to provide for themselves because they are physically or mentally disabled? What do you owe to those who are victims of their own bad habits?

Perhaps you believe that people should do what they can for themselves, and what they cannot do as individuals they should do together as a community. That's a useful principle. But there are real differences about what individuals should be expected to do for themselves. You want to be compassionate toward the needy, but you don't want to encourage freeloaders. You want to take care of the elderly, but you don't want to impose too heavy a burden on those currently in the work force. Perhaps you want to use that fund to redistribute income to the needier members of your community, but you don't want to stifle individual initiative.

No one is actually proposing to dismantle the entire package of federal social benefits. There is a good deal of discontent today about the government's social role, but few people would choose to return to the situation that existed before the government started to provide for individual welfare with the New

Deal programs. However, fundamental questions are being raised about the government's role, and about what taxpayers are willing to pay for the good intentions that are embodied in hundreds of social programs. Essentially, the questions we face as a nation are the same ones that you and your neighbors would confront if you tried to design a "safety net" for your community.

Most discussions of social policy focus on one program or another, and their costs and effects. In this issue book, we take a different approach. All of the modern industrial nations are, to some extent, welfare states. Our purpose is to invite discussion about what this country should provide for the welfare of its citizens. Any discussion of this topic should be informed by a certain knowledge of federal programs, and a broad awareness of their effects, and that is part of what is contained in this book. Most of us, after all, are not indifferent to what has happened. Our views about what should be done are influenced to some extent by what has been done — by what has worked and what has not.

Still, we should not mainly be concerned about specific programs, in their considerable variety and detail. Our concern should be for the principles that are embodied in the welfare state. This is a discussion concerned mainly with what ought to be. Should the government be redistributing more income to the poor? Should a new balance be struck between the values of security and equality on the one hand, and individual liberty, merit, and self-determination on the other? More than most discussions of public policy, this is an inquiry into what kind of community we want, and what role the federal government should play in that community.

"A commonwealth is not just a collection of human beings, but a group of people in a partnership for the common good. The first cause of such an association is not so much the weakness of the individual as a certain social spirit."

—Marcus Tullius Cicero

A New Social Contract

Today, half a century after the Social Security Act was written into law in 1935, it is easy to lose sight of the significance of that act, and the extent to which it redefined the government's role. Although some groups, such as veterans, received government benefits prior to the New Deal, the federal government took no responsibility for the welfare of most Americans. If your family or friends could not provide for you, there were few other safety nets. As a last resort, one might apply to charitable groups which, in most communities, provided soup kitchens, almshouses, and "friendly visitors" who frequently called on the poor to offer advice and correction — wanted or not. But these services were provided on a case-by-case basis, as charity. Few Americans had a right to assistance in case of hardship or adversity.

The Social Security Act of 1935 was ushered in not only by the gentle urge of compassion but by the urgent spur of necessity. If there was one lesson the American people learned in those years, it was that hard times can strike anyone. The Great Depression brought wholesale misfortune. The national unemployment rate was as high as 25 percent, and in some

communities it was far higher than that. Things were so bad that local "safety nets" couldn't bear the burden. Local government and charity organizations were overwhelmed. Many private pension plans were abruptly discontinued; benefits from scores of corporate programs were indefinitely deferred.

The depression provided compelling evidence of the need for greater security for all classes of Americans. In the words of Senator Paul Douglas, it "convinced the majority of the American people that individuals could not provide adequately for their old age, and that some sort of security should be provided by society." That is part of what the Social Security Act accomplished. It provided federally guaranteed old-age pensions, regardless of need.

The Social Security Act did something else. It provided workman's compensation for those who could not work, unemployment insurance for workers thrown out of their jobs, and help for widows with small children, a program later to be called Aid to Families with Dependent Children (AFDC). It recognized, in other words, that people with no job and no other means of support have a rightful claim to public support.

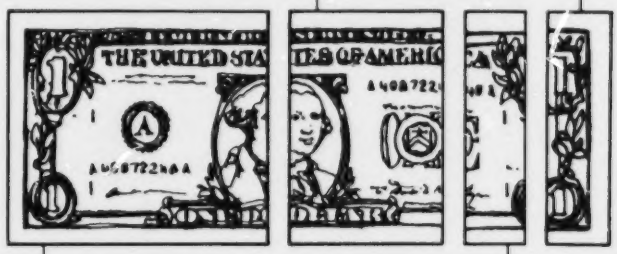
Today, most people think of Social Security specifically as an old-age pension program. But it is more than that. The Social Security Act of 1935 created a precedent and established a principle: there are certain things that people should not have to fear or beg for. It is the role of the federal government to provide certain goods when they are needed, to guarantee protection against at least some of the insecurities of modern life. People in trouble are the concern of all.

Modest Beginnings

As important as that principle was, the social insurance programs of the New Deal were quite modest. Even in 1950, many Americans were still not protected by these programs. At the time, less than half of all civilian workers were covered by public retirement programs. In 1950, social welfare spending by the federal government for Social Security, AFDC, and Unemployment Insurance came to a total of only $3 billion — about $11 billion in 1980 dollars.

Since 1950, the government's role in providing for individual welfare, particularly for older Americans, has grown dramatically. Social Security has become a far more ambitious undertaking than anyone envisioned in 1935. On the third day of each month, nearly one in six Americans gets a Social Security check in the mail. Many who receive those checks are not retired persons, but disabled workers or widows, or children whose breadwinning parent is disabled or dead. The government now assumes responsibility not only for pensions for older people but also for most of the cost of their medical care. In 1984, the Social Security Administration channeled some $239 billion to Medicare recipients, to the disabled, and to retired workers. In all, there are now 182 federal "transfer payment"

SOCIAL SPENDING: ALMOST HALF OF THE FEDERAL BUDGET



29¢ NATIONAL DEFENSE

15¢ INTEREST ON THE NATIONAL DEBT

41¢ DIRECT BENEFIT PAYMENTS TO INDIVIDUALS (including Social Security, Medicare and Medicaid, unemployment benefits, federal employee and veterans' pensions, etc.)

15¢ ALL OTHER SPENDING (including grants to state and local governments, education, housing assistance, employment and training assistance, social services, environmental protection, science research, space program, highway, airport, and mass transportation aid, disaster relief, national parks, energy conservation, water and land management, foreign affairs, post office, general government operations)

Congressional Budget Office, February, 1985

David Horsey/courtesy *Seattle Post-Intelligencer*

Contrary to common belief, spending for entitlement programs has increased more rapidly than defense appropriations.

programs that make payments in cash or kind to individuals.

In the 1960s, with the declaration of a War on Poverty, the government went a step further. Its slogan — "Give a hand, not a handout" — expressed a widespread sense of a different kind of assistance the government ought to provide, and furnished the rationale for a great variety of publicly funded programs including the Job Corps, the Neighborhood Youth Corps, and the Office of Economic Opportunity. The underlying assumption was that many groups, particularly those that have been discriminated against in the past, deserve special help. It was assumed that by providing special opportunities, the government could provide a ladder out of poverty.

That adds up to something less than the comprehensive social protection that Franklin D[illegible]no Roosevelt envisioned, but it represents a very substantial commitment to individual welfare nonetheless. Today, almost half of all federal expenditures are for social welfare programs, and just under half of all American households currently receive benefits.

Very few who heard President Roosevelt's description of the New Deal had any idea that within 50 years government social spending would grow to such staggering proportions.

The Erosion of Consensus

Throughout the 1950s and 1960s, both liberals and conservatives, for the most part, favored increased social spending, and not just on moral grounds. As liberal social critic Robert Kuttner observes, "There was a broad consensus that equality improved economic efficiency. Eliminating poverty meant more purchasing power to keep factories humming. Social justice reduced social conflict. Income redistribution, within reasonable limits, enjoyed widespread support, not just as decent social policy but as sensible economics."

Rapid economic growth, accompanied by rapid population growth, meant that the pool of wealth subject to taxation grew quite rapidly. That allowed the government to cover much of the rising cost of the welfare state without raising taxes at the same rate.

In 1973, however, the economy was hobbled by the first of a series of recessions. Since then, the economy has grown at a substantially slower rate. Tax revenues have not been growing as rapidly as anticipated, but the cost of federal social programs has been rising quite rapidly. Our dilemma as a nation is roughly the same as the one you would face if you bought unusually generous Christmas gifts, and never received the raise with which you intended to pay for them.

In recent years, it has become clear that the cost of these social welfare programs is increasing faster than the nation's ability to pay for them. This is a trend that nearly everyone finds troubling. Some are concerned that unless limits are defined, these programs will cause the continued expansion of government, and push taxes still higher — that they will corrupt the poor and disrupt the economy. Others are concerned that if the cost of existing commitments cannot be contained, we will neglect the essential in order to accomplish what is merely desirable.

The postwar consensus that supported the expansion of the American welfare state for a generation has broken down. Over the past few years, as those social spending programs have become more costly, basic questions have been raised not only about the high cost of good intentions, but the very purpose of public welfare programs. Increasingly, there is concern about whether democratic governments are able to confine their generosity to the people who really need assistance. Some critics of public welfare argue that it has led to wholesale inefficiency, to a waste of taxpayers' money. Welfare, they claim, has become so attractive that many are disinclined to support themselves through their own efforts. The economy is no longer booming, and the welfare state is held to blame.

Critical of big government, President Reagan has often voiced the opinion that overly generous welfare programs are an obstacle to prosperity. Much of the debate over the past few years has been about which federal aid programs should be cut rather than which should be expanded. Yet even an administration committed to pruning the size and scope of the federal government has been unable to stem the rising cost of social spending. Many people assume that federal spending has risen over the past few years because of increased expenditures for the military. Defense appropriations *have* increased since 1980, but even if defense costs remained at their former level, federal spending would still claim a larger share of what we produce as a nation than ever before in peacetime. Partly, that is because of interest payments on what we borrow — the national debt.

Mainly, however, it is a reflection of the rising cost of the social commitments we have made as a nation.

What Should Be Done?

Much of the current dissatisfaction with the welfare state starts with a concern about its rising cost, but discussion about what should be done shouldn't end there. If, as some people believe, we are approaching the limit to what the country can afford to spend on social welfare, then it is particularly important to examine what we want to accomplish with available resources. To reach some agreement about who should be helped, by whom, and for what purposes, we are obliged to ask some truly fundamental questions. What are our social obligations? And how should we organize to meet them? What is a proper balance between what the government should provide for us, and what we should be expected to do for ourselves?

Why should we give up any of our income to strangers whose only claim to help is our common citizenship? There is, after all, a characteristically American strain of individualism that disparages the very idea of public assistance. As Ralph Waldo Emerson put it in a classic outburst: "I tell you, you foolish philanthropist, I grudge the dollar, the dime, the cent I give to such people as do not belong to me and to whom I do not belong."

At the heart of the debate about the welfare state are three quite different views of the public interest, three distinctive answers to the question of who should be entitled to public assistance.

First, we will examine the argument for creating a social welfare system that provides adequate benefits to all classes of Americans. Essentially, people who take this position believe that we should guarantee the fundamental decencies of life to everybody — and figure out how to pay for them. Then we will examine the position of those who insist that the government ought to do more for the truly needy, and far less for those who can take care of themselves. Their position, in other words, is that we should be making a greater effort to provide more for those who really need public assistance — even if that means cutting back benefits for everyone else. Finally, we will consider a third view, that the welfare state is inherently inefficient, a threat to personal freedom, a strategy that undermines the very sense of community it is supposed to embody. The people who take this position feel that the federal government should scale down its social assistance programs across the board.

Fundamental questions are being raised about public values and purposes, about the government's role and its limits. These three perspectives frame the debate.

"At the heart of the debate are three quite different views of the public interest, three distinctive answers to the question of who should be entitled to public assistance."

2

The Generous Revolution

"We owe it to each other to guarantee the fundamental human decencies. Yet millions of Americans are denied what should be their right — to adequate medical care, food, and at least a minimum family income."

From time to time, a movie provides such an accurate reflection of the social mood and aspirations of a particular moment in history that we can look back at it years later as a revealing snapshot of the way we were. Such is the case with one of the most popular and celebrated films of the immediate postwar period, *It's a Wonderful Life*.

It is the story of George O'Neill, a kind-hearted man of modest means, played by Jimmy Stewart. Through a series of flashbacks, we learn what George O'Neill and his neighbors have been through. On one occasion after another when others are in trouble, he helps them out. When the Great Depression hits, he saves a good many people from hard times by sharing what he has. As a young man, he risks his life to save his brother from drowning. Several years later, his brother returns the favor by risking his own life in the war, and comes home to a hero's welcome. It is a sentimental movie with a simple message. "We can get through this all right," as George O'Neill says, "but we've got to stick together." And with his help they do.

At war's end George falls on hard times when, through no fault of his own, his business is threatened. At the end of his rope, he has nothing to fall back on but the goodwill of his neighbors. And they come through for him, just as he had for them. The last scene in *It's a Wonderful Life* is a celebration of community, an emotional reminder that we are all bound together, dependent on each other's compassion.

Released in 1946, the film mirrored public sentiment. Old Mr. Potter, the villain of the piece — "the richest and meanest man in town," a man who dismisses charity as "sentimental rubbish" — is the emblem of that generation's fears about unbridled capitalism. It was a generation that shared in the sacrifices required to revive the economy and win the war. It was a generation that yearned for protection against the evils that plagued them during the depression and the war. The protection that people sought was not just for the hapless or the poor. George O'Neill served as a reminder that no one is immune from hardship or misfortune. It was a generation that yearned for some guarantee of at least a minimum level of security.

Social Rights

Not coincidentally, 1946 was also the year in which the United Nations — in one of its first actions — instructed a special commission to prepare an "international bill of rights." That commission set out to define what all nations should do to respond to people's needs and reasonable claims.

They produced a Universal Declaration of Human Rights that was "passed and proclaimed" by the General Assembly in 1948. In effect, it was an updated version of our Bill of Rights. It begins with a familiar recitation in the tradition of Locke and Jefferson. People have a right, the declaration stated, not just to life, liberty, and the pursuit of happiness, but also to free speech, to a fair public trial, to religious liberty, peaceful as-

sembly, and so forth. In other words, people have a right to certain political and civil liberties.

As important as these liberties are, they do not ask too much of government. For the most part, they require government to leave a person alone, to let people speak freely, and live as they choose. In any case, guaranteeing a person's civil rights is not a very costly exercise, and it is fairly easy to determine when it has been accomplished.

But with its assertion of a second tier of human rights, the declaration moved from the language and principles of the eighteenth century into a distinctly modern realm, one which demands far more of the government.

The commission asserted in Article 25 of the declaration that people have a right to a certain social standard: "Everyone has the right to a standard of living adequate for the health and well-being of himself and his family, including food, clothing, housing, medical care, and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control."

If that list seems both unremarkable and unexceptionable, it is worth pondering its message. The declaration in which that statement appears was no "wish list." It was more than a statement of an ideal, which may or may not be realistic. It was the assertion of a right. To deprive anyone of it would be a serious affront to justice. It is a proclamation that certain social rights are as unalienable as the civil rights listed in the United States' Bill of Rights.

Further, it insists that these are universal rights, to which all should be entitled. The idea of earned or conditional social rights was nothing new. In a private insurance system, for example, an individual acquires a right to benefits by subscribing to a certain plan. You earn your right by paying your premium. In the decades prior to the war, various nations had taken steps toward government-provided assistance, such as the American Social Security system, but most of these were conditional entitlements. In the United States, benefits were paid to veterans as a debt of gratitude for the special service they performed. The UN commission asserted that benefits should be provided not by virtue of special claims to assistance but as a fundamental right of all citizens.

By implication, that declaration also suggested a larger role for government. If everyone has a right to a certain social standard, then the government has the responsibility to guarantee it. The UN proclamation implies a series of positive rights to be guaranteed by a benign state: the right to a job, to education, to health care — to a minimal standard of living regardless of a person's fate in the marketplace. In brief, this proclamation, which was part of a broad reevaluation of rights that took place in the immediate postwar period, insisted that everyone has certain social rights, and that government should take a more active role in helping people to meet those needs.

National Archives. Photo by Linda Christiansen

War Bond drive poster

The sense of social solidarity that arose during World War II was one of the chief factors that led to the expansion of social welfare programs in the postwar period.

An Expanded Social Role

It is one thing to assert a right, quite another to put it into practice. Yet, to a remarkable extent, what took place in the generation following that UN proclamation bore out its message. Both in Europe and in the United States, an unprecedented explosion of social rights took place beginning about 1950. Benefits under existing programs were increased, and new segments of the population were covered. New programs were added, and new services introduced.

Over the next generation, government provisions for individual welfare expanded rapidly. By 1980, the government was spending six times more than it had been in 1950 on medical care, in inflation-adjusted dollars. Over that period, the cost of public assistance programs grew 13 times over, and the cost of social insurance grew to 27 times its cost in 1950. Overall, the cost of federal social welfare programs increased some 20 times.

The Case for Universal Benefits

Almost any category of social service illustrates the value of a comprehensive, one-class system. Consider our provisions for child care. In America, the state finds itself deeply involved in family life. Only in America the state's main role is picking up the pieces of family failures rather than helping to shore up healthy families. Alfred J. Kahn and Sheila B. Kamerman wrote in *Not For the Poor Alone:*

"What the Europeans apparently know but what many Americans do not perceive is that social services may support, strengthen, and enhance the normal family — and that failures in social provision may undermine our most precious institutions and relationships. The issue is not whether or not government will intervene. It will. The question is whether it will intervene for enhancement and prevention or to respond to breakdown, problems, and deviance alone? . . . Whether programs foster dependency depends on how they are administered and the nature of the entitlements. Are they beneficence, charity given upon condition of subservience to those defined as weak? Or are they rights, seen as meeting widespread need, delivered with dignity to a user who is seen as citizen, taxpayer, and policymaker?"

There is deep ideological support in America for the proposition that only the "truly needy" are worthy of public support. Ignoring two hundred years of free public education, most Americans think there is something illogical or wasteful about having the state provide free, comprehensive services to the middle class.

A visitor to Western Europe cannot fail to be impressed with the simple humanity of European social services. The services that exist are not so different from those that exist here — day-care centers for children, halfway houses for the mentally ill, home care and "meals-on-wheels" programs for elderly shut-ins, school lunch programs, subsidized housing, and, of course, health clinics.

The difference is that the European services include everybody in one system, while ours tend to be a patchwork, with one system of services for the officially certified Poor, and another system for paying customers. In the United States, the poor people's service tends to be understaffed, overcrowded, burdened with demeaning conditions, and often just plain nasty. And a middle-class person experiencing sudden adversity thinks twice before submitting to the shame of the charity system.

Excerpted with permission from Robert Kuttner, *The Economic Illusion* (Boston: Houghton Mifflin, 1984).

In the three decades of what conservative social critic Charles Murray refers to as the "generous revolution," the percentage of America's total goods and services that was spent on social benefits to individuals tripled to 21 percent in 1981. Over that period, social spending tripled in the principal nations of Western Europe as well — reaching a level of 26 percent of total output in 1981.

In Britain, as in several other nations in Western Europe, the postwar period saw the flowering of the welfare state along lines proposed in two reports prepared by William Beveridge, a consultant to the British cabinet. Beveridge stressed that Britain should slay the "five giants" — want, idleness, squalor, ignorance, and disease. Most of all, he insisted upon achieving "freedom from want" by establishing a system of income security for all social classes — a "safety net" to keep people from falling into poverty.

Under the Beveridge plan, the state's role no longer consists mainly of relieving destitution, but rather of preventing poverty by guaranteeing a minimal income, health care, and other services for everyone. His goal, which became government policy in the postwar years, was to build a firm foundation for the welfare of each by offering benefits to all. The idea was to create for the nation as a whole the kind of mutual benefit society that some working-class communities had created for themselves. Today, the welfare states of Europe provide for various needs as a matter of universal right. Minimum pensions provide protection against poverty in old age. Although most of those programs, like our Social Security program, provide more generous pensions to people who contribute more through higher wages, everyone is in the same system, and it commands broad support. Medical care is available free for people of all ages. Education is provided free — from primary school through graduate school. Similarly, cash allowances are provided to families. All of this in the name of social citizenship, the right to an adequate standard of living.

Advocates of the welfare state feel that designing benefit programs which people enjoy as their right is good social policy which reinforces a sense of community. Furthermore, when social benefits are provided not just to the needy but to everyone, a great many people support the welfare state and are willing to share its cost.

A Jerry-Built System

Though expenditures for social programs in the postwar generation increased almost as rapidly in this country as they did in the welfare states of Europe, they bought something substantially different. By and large, this country has resisted comprehensive insurance, assistance, and health care programs. What we have instead is a jerry-built system which provides for a great many social needs, but according to no consistent principle.

Through a variety of public programs, most middle-class

Americans are protected against unforeseen calamities such as ill health, job-related accidents, or the death or disability of the family breadwinner. Due to the expanded coverage of public retirement programs, and an imposing array of more than 100 programs for retirees — which provide benefits to older Americans ranging from subsidized housing, and Medicare, to Meals on Wheels — the well-being of most older Americans has improved substantially.

What we have not done as a nation, however, is to recognize the principle articulated in the UN Declaration of Human Rights, that there are universal rights to which everyone is entitled. Proponents of universalism find much to criticize in the uneven package of federal social programs, which is the result of ad hoc compromise and political expediency rather than a consistent vision of the government's role.

Even the language used to discuss the welfare state reveals a deep reluctance to be forthright about the means and ends of social spending. Programs such as Social Security, Medicare, and unemployment compensation, for example, are consistently described as insurance, even though they are not funded by a return on payroll taxes, but rather out of current receipts just like other federal programs.

In fact, there are only a few areas in which this country has anything resembling a universal program. The only pure example is the right to public education. Social Security, Medicare, unemployment compensation, and other forms of social insurance come close to being universal benefits. But they provide benefits only to people who contributed payroll taxes and to their family members, and thus fall short of recognizing a universal right.

If you worked only irregularly, your pension will at best be quite small. You may not qualify for Social Security benefits at all. In that case, you could apply for benefits from a means-tested program for the elderly poor called Supplementary Security Income (SSI). However, to qualify, you have to show that your total assets (not including the value of your house and car) amount to no more than $1,500. To compound the humiliation, benefits from SSI are so low that many recipients are still below the official poverty line.

While there is strong support for universal public education, many Americans have reservations about providing other across-the-board social benefits. We are the only industrial nation that does not offer comprehensive, publicly funded medical care for citizens of all ages and income levels. Even Medicare, which since 1965 has covered many of the costs of health care for the elderly, does not provide for the frequently unavoidable and extraordinarily high cost of nursing home care. In order to receive assistance for nursing home expenses from Medicaid, the federal program of medical assistance for low-income persons, patients must first part with their assets and be declared paupers — a fate that now awaits many middle-class citizens.

This turns the principle of "social citizenship" on its head.

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Although government programs cover most of the costs of medical care for the elderly, the United States is the only industrialized nation that does not provide comprehensive, publicly funded medical care for citizens of all ages and income levels.

Rather than achieving the universalist goal of a one-class system, this procedure requires middle-class citizens to undergo pauperization before they qualify for public funding.

Poor Relief

Proponents of a true welfare state are especially critical of how we deal with the poor. In contrast to the welfare states of Europe which offer income support programs to keep people from falling into a pauper's status, our system provides few benefits until people are so poor that they qualify for means-tested programs. At that point, the poor are dependent upon a welfare program which bears a sad and striking resemblance to the old "poor relief" system.

The two chief programs for relieving poverty — Aid to Families with Dependent Children and food stamps — are means-tested, which is to say programs through which we target aid

You're Entitled: Social Benefits Provided by the Federal Government

If you're at least 62 years old:

- You're entitled to monthly Social Security checks if you worked long enough at jobs covered by the program. Average benefit in January, 1985: $460.
- You're entitled to monthly Social Security checks, even if you never paid Social Security taxes, if you're the spouse of an eligible retiree. Average benefit in January, 1985: $230.

If you're at least 65 years old:

- You're entitled to *Medicare Part A (hospital insurance)* without charge and to *Medicare Part B (medical insurance)* for a premium, if you're entitled to monthly Social Security or Railroad Retirement benefits.

If you are disabled:

- You're entitled (along with your spouse and dependent children in certain circumstances) to monthly Social Security checks if you worked long enough at jobs covered by the program and are unable to do any substantial work. Average benefit in January, 1985 (disabled worker alone): $454.
- You're eligible for Medicare after being entitled to Social Security checks because of disability for 24 months.

If you die before retirement:

- Your dependent child (under 18) and your wife (if caring for a child under 16) are entitled to monthly Social Security checks if you worked long enough at jobs covered by the program. Average family benefit in January, 1985: $960.

If you lose your job:

- You may be entitled to unemployment insurance (for a six-month period in most states). The *maximum* amount ranged in 1985 from $95 weekly in Puerto Rico (20 weeks) to $294 weekly in Massachusetts (30 weeks).
- You may be eligible for training assistance as a jobless worker if funds are available, and you meet your state's eligibility criteria.

If you're a veteran:

- You're entitled to a monthly cash pension from the Veterans Administration to bring your income in 1985 up to $476 monthly (more if you have dependents, are housebound or in regular need of aid and attendance.)
- You may be eligible for VA-guaranteed home mortgage loans, which usually have lower interest rates than conventional mortgages.

If your income is low:

- You qualify for *food stamps* if your monthly cash income is below 130 percent of the Federal poverty guidelines (that is, below $1,105 for a household of four persons through June, 1985), and you meet non-income requirements (limited assets, not having voluntarily quit work, fulfilling work registration and job search requirements, etc.). Maximum monthly benefits (through September, 1985): $79 for one person, $145 for two, $208 for three, $246 for four.
- You may qualify for monthly cash payment from *Aid to Families with Dependent Children (AFDC)* for you and your child if you are a single parent raising a child. Need standards for a family of four range from $229 monthly in South Carolina to $951 monthly in Vermont. Maximum monthly benefits for a family of four range from $120 in Mississippi to $800 in Alaska (January, 1985).
- You qualify for monthly cash payments from the *Supplemental Security Income (SSI)* program to bring your income in 1985 up to at least $325 monthly (more in states that supplement federal benefits) if you are at least 65 years old, or blind, or disabled. Maximum monthly benefits are above $500 in Alaska and California.
- You qualify for *Medicaid* if you are eligible for cash aid from AFDC and, in most states, if you are eligible for cash aid from SSI, or if you are a pregnant woman whose child will be eligible for AFDC upon birth.
- Your children may qualify for *Head Start* services if you receive cash welfare or have family income below the federal poverty guideline.
- You may qualify for *child and dependent care assistance* from Social Services block grant funds, depending on the policy in your state.
- If you are at least 60 years old and are isolated or homebound because of illness or disability, you may be eligible for the *home-delivered meal program* in your area. Further, your spouse may be eligible. Although there is no income test, the program focuses on the most needy.
- You may qualify for aid from the *Special Supplemental Food Program for Women, Infants and Children (WIC)* if you are pregnant, an infant, or a child up to age five, judged to be at nutritional risk. Monthly benefits in fiscal year 1983 averaged about $30.
- You may qualify for a *Pell Grant* (for college expenses) if your financial need is determined by a federally established system of analyzing need and you are enrolled at least half time as a regular undergraduate in an eligible program of post-secondary education. The maximum amount of aid in academic year 1984-85 was $1,900.

to the poor. As Robert Kuttner points out, such programs isolate the poor in inferior facilities which are frequently degrading, thus undermining the very sense of community which social programs are supposed to embody.

"Means-tested programs tend to be stigmatizing, invasive, and shabby around the edges," writes Kuttner. "One has only to consider the visual and procedural differences between a local welfare office and a local social security office to appreciate that the recipients of middle-class social entitlements are treated as citizens, while welfare clients are presumed chiselers until proven otherwise.... Targeting aid to the truly needy creates a welfare-state culture that is not just means-tested, but mean-spirited."

To the proponents of a universal program of social assistance, the existing welfare system is deeply flawed. Fearful of "creeping socialism" and "excessive" taxation, we have never made a commitment to provide at least the minimal requirements of "social citizenship." The solution to the current welfare problem, they feel, is not to cut back existing programs, but to recognize the validity of the UN declaration and create a true welfare state.

It is important, in their view, to recognize that the prosperity of the postwar years was achieved in large measure because social spending accelerated. That stimulated demand for new products and enhanced the productivity of the work force by providing higher standards of health care and education. And it reduced social tensions that could have been divisive. In this sense, universalists argue, the welfare state more than pays for itself. The experience of the past 30 years, they argue, demonstrates the success of the welfare state. As we have become more generous with each other, we have become more affluent as a nation.

Proponents of this position offer a final, and quite practical reason why it is foolish to think of cutting back existing social programs. They command strong public support. While many Americans still harbor a certain fear of "creeping socialism," most people demand the protection of a broad array of benefit programs. Polls conducted in February 1985, for example, show that when asked what they would agree to do to reduce federal budget deficits, most Americans expressed strong feelings about protecting existing social programs.

If the public will accept no less than the current program of social spending, the problem is to figure out how to pay for it. Proponents of a true welfare state admit that it is expensive, and likely to become even more so. To their way of thinking, a nation as wealthy as ours can well afford to be humane. As often as the American public complains about high taxes, it is important to keep in mind that — compared to most industrial democracies — our taxes are quite modest. In 1982, taxes amounted to 31 percent of the total value of goods and services. At that rate, America ranks 17th on a list of 23 countries — ahead of Japan (27 percent), but behind Britain and West Germany (both 37 percent), France (43 percent) and Sweden, which is at the top of the chart at 51 percent.

"What we have not done as a nation is to recognize the principle articulated in the UN Declaration of Human Rights, that there are universal social rights to which everyone is entitled."

Expressions of Community

In the final analysis, public support for social spending rests upon a sense of social cohesion. The social solidarity of the 1940s has substantially eroded today. Perhaps that is understandable, since so little in our national experience over the past few decades has brought us together. As illustrated by bitter memories of the conflict in Vietnam, even the experience of war has been divisive.

Consequently, although the welfare apparatus professes to be the concern of us all for each other, appeals to the commonweal ring hollow today. In philosopher Michael Sandel's words, "In our public life, we are more entangled but less attached than ever before. The forms of political life have outrun the sense of common purpose needed to sustain them." It is not surprising at such a time that there would be so many attacks on the welfare state and its accomplishments.

But that, as proponents of the welfare state conclude, makes it all the more important to recognize what these programs do to keep the social fabric from tearing apart. As Senator Bill Bradley said recently about the Social Security program, "It's the best expression of community we have in the country today."

3

A New Deal for the Neediest

"We should make a greater effort to provide more for those who really need public assistance — even if that means cutting back benefits for everyone else."

While the idea of a welfare state — a system in which many of us are entitled to benefits from everyone else — found fertile soil in the attitudes and circumstances of the postwar generation, in recent years it has been sharply criticized. Some who are critical of it nonetheless accept the liberal premise. Government does have an obligation to care for the weak, the poor, and the dispossessed. But they have come to doubt whether the country can afford the mounting cost of providing social benefits for rich and poor alike.

They are people who are concerned about adapting liberal ideas to circumstances of the 1980s — circumstances that are far less congenial than those of the 1960s, when many social programs were conceived or expanded. Their vision of the government's role in providing for the needs of individuals is one that acknowledges economic constraints as well as social aspirations.

Fundamentally, people who take this position agree upon two principles. First, that the primary purpose of the welfare state is to help those who cannot help themselves. They believe that a decent society has an obligation to take care of the neediest. They feel just as strongly about a second principle, that no generation has the right to purchase its welfare at the expense of the next generation. They are particularly concerned with redefining benefits in order to prevent serious problems when the "baby boom" generation retires.

They perceive what the founders of the liberal spending programs did not foresee, that the road to a welfare state which distributes benefits to a great many Americans might lead not only to an unbearably expensive government program, but also to serious inequities between the young and the old, the rich and the poor. They feel that the first thing we should do in deciding who is entitled to public help is to take a close look at who benefits from current programs.

Middle-Class Welfare

It is commonly assumed that if government social programs are becoming more and more expensive, the reason must be the high cost of providing for the poor. After all, the New Deal programs were justified in the name of the needy whom FDR invoked when he spoke of "one-third of the nation ill-clad, ill-housed, and ill-nourished." This is what people normally mean by a "welfare" program, a program such as AFDC that is specifically targeted for the needy.

Yet we spend four-and-a-half times more for programs that provide benefits regardless of need than we do for means-tested benefits provided solely to those who can prove need. The cost of the two largest means-tested programs, AFDC and child nutrition, came to about $13 billion in 1984, which is a relatively modest sum compared to other entitlements. The most expensive entitlements are the Social Security retirement and disability program, Medicare, and programs that provide pen-

Ray Driver. Courtesy of the *Washington Monthly*

sions for veterans. These programs require no financial test, and end up providing far more to the middle-class than to the poor.

The main criterion according to which benefits are distributed is not need but age. In 1985, 28 percent of all federal expenditures will go to retirees. Moreover, programs for senior citizens have been the most rapidly growing expense. They have grown at roughly 15 percent a year for more than a decade, which is faster than any other item in the budget.

There is nothing wrong with that in principle. Indeed, there is much to be said for a comfortable retirement. Spending programs for older citizens not only have a laudable goal; they are one of the chief reasons why old age is no longer synonymous with poverty. As recently as the 1950s, what many Americans had to look forward to in retirement was not the comfort of the "golden years" or the quiet pleasures of senior citizenship but real poverty. In 1959, 27 percent of all elderly households were below the poverty line. Under those conditions, the premise of Social Security — that all of the elderly should be included in a single pension plan — made sense. It was a way of transferring money to the people who needed it.

Since the 1960s, additional benefits have been provided to older Americans, and they have made a difference. With the creation of Medicare and Medicaid in 1965, the government assumed the responsibility for most of the medical costs of older persons. In 1972, Social Security benefits were increased by 20 percent and the value of benefits was guaranteed with cost-of-living adjustments. At a cost of $2.4 billion to the federal treasury, everyone over 65 enjoys an additional income tax deduction. And there are other entitlements for older persons, ranging from reduced bus fares to special tax breaks when they sell their homes. What these benefits have in common is that eligibility is determined by the date on one's birth certificate.

The condition of retirees has markedly improved. Today, they are no more likely to be poor than anyone else in American society. Indeed, if you take into account the value of the benefits they receive and the fact that some 70 percent of them own their own homes, the typical older American may be better off than the average American.

To point out the relative affluence of today's senior citizens is not to deny the poverty that still afflicts some of those who are 65 and older. Among the six million single women who are 65 or older, for example, half subsist on an income of less than $5,000 per year. Considering the infirmities of old age and the

"Does it still make sense to treat older people as a group whose needs should be given priority over other needs?"

loneliness that often accompanies it, those women deserve not only our sympathy but also our subsidies. It was such people that Supreme Court Justice Benjamin Cardozo had in mind in the first few years of the Social Security program when he said that "the hope behind this statute is to save men and women from the rigors of the poorhouse as well as the haunting fear that such a lot awaits them when the journey's end is near."

The question is whether all retirees deserve similar public subsidies. Social Security rests upon the premise that what we provide for some, we must provide for all. Because so many older Americans were poor and deserving of public assistance, that principle made sense. But considering the improvements that have taken place in their condition, should the same principle still apply? Does it make sense today to treat older people as a group whose needs should be given priority?

A Strange Conception of Fairness

One of the inequities in the current arrangement which concerns some people is that while it provides well for many retirees who do not necessarily need or deserve public assistance, it provides only meager benefits to older people who most need help.

In recent debates about whether cost-of-living increments for benefits should be cut back, advocates for the cause of older Americans have insisted that Social Security should remain true to its original principle. If any of the recipients qualify for benefits, everyone should.

But is that really fair? In the name of treating all Social Security beneficiaries alike, the poor widow qualifies for a 5 percent raise on her monthly payment of $300 (which amounts to most of her total income), while the well-to-do couple gets a 5 percent raise on their monthly payment of $900 (which is only a part of their retirement income). By providing the same percentage across the board, we are actually providing a larger raise — in this example $30 more per month — to the well-to-do than to the needy.

One of the main flaws of the existing system, as critics see it, is that the neediest among older Americans receive such meager benefits that they remain below the poverty line. Meanwhile, the system provides generous benefits to households with substantial income from other sources. Almost a third of all benefits provided by Social Security go to households whose annual income exceeds $30,000. According to the Census Bureau, some 130,000 households which receive Social Security benefits have income exceeding $75,000. In its evenhandedness, the Social Security system provides benefits even to millionaires such as Representative Claude Pepper, a prominent defender of the current Social Security system, who accepts more than $7,000 a year in Social Security checks.

An even higher percentage of the benefits from other government pension programs goes to affluent households. In a recent study of military retirement programs, which are expected to cost the government $17.8 billion this year, the Center on Budget and Policy Priorities examined who receives these pensions. It found that 60 percent of the pension benefits are paid to the most affluent 20 percent of American households. "Of all federal entitlement programs," the report concludes, "none has so large a proportion of its benefits directed to the most affluent sectors of the population."

As the cost of this indiscriminate welfare system grows, some Americans find it increasingly difficult to defend. Some hard questions should be asked, they say, about the rationale according to which federal benefits are distributed. What, other than the goodwill they buy for members of Congress who sponsored them, is the justification for so many programs which deliver benefits to middle-class Americans who could not accurately be called "needy"?

Most who advocate a liberal program firmly believe that older people who are poor deserve government assistance. In fact, they deserve more than they are currently getting. But we should not offer generous benefits to older Americans who are able to provide for themselves and then deny sufficient assistance to the people who most need it.

Losing the War on Poverty

While a greatly enlarged federal social program has done much to improve the situation of older people, it has done little to improve the lot of the poor. Especially in the 1960s, when the

government launched an ambitious effort to help the jobless and the disenfranchised, the auspiciously named War on Poverty seemed likely to succeed, if only enough resources were poured into it.

Yet, 20 years later there is little evidence of success. Indeed, the most reliable sources suggest that the problem is getting worse, that America is increasingly a nation of haves and have-nots. According to the Census Bureau, the number of Americans officially classified as poor (which is currently defined as an income of less than $10,610 for a family of four) rose from 24.5 million (11.4 percent) in 1978 to 34.3 million (15 percent) in 1982, which was the highest poverty rate in 17 years.

One reason for that trend can be found in the rules according to which government benefits are dispensed. The benefits provided by means-tested programs, liberal critics feel, are woefully inadequate. In 1980, for example, AFDC payments to a family of three — which are based upon joint federal and state contributions — averaged about $300 a month. In only nine states were recipients given as much as $400 a month. Significantly, there was no state in which the combination of AFDC payments and food stamps was sufficient to raise a family up to the official poverty line.

AFDC was originally intended as a program of cash benefits for impoverished mothers who bore the responsibility of child-rearing without the support of a male breadwinner. It was justified on the grounds that such women cannot be expected to support themselves and their children through their own efforts. That intention has been at odds with another belief, that under no circumstances should the government provide benefits that are equivalent to what those women might earn, even in low-wage work. The concern is that cash assistance for the poor might tempt people away from honest labor.

During the 1970s, while senior citizens who depended upon Social Security were fully protected against inflation by cost-of-living increases, those who depended upon AFDC and food stamps were not similarly protected — another instance, as critics point out, of how the government takes better care of those who may have enough resources to take care of themselves. Consequently, after adjusting for inflation, benefit levels for AFDC — the largest cash assistance program for the poor — actually declined during the 1970s and have continued to decline in the 1980s.

The value of benefits for the poor, traditionally low, has gotten even lower. And that goes a long way toward explaining why so little progress has been made in the war against poverty.

Indeed, judging by the programs that have suffered the sharpest cuts in recent years, the government's social spending programs look like Robin Hood in reverse. Proponents of a welfare state argue that one of the chief advantages of providing benefits for the middle-class is that they enhance the popularity of programs whose primary goal is to help the poor. Yet what has happened is just the opposite of what was intended.

"The existing social program is most accurately described as a safety net for politicians who are unwilling to ask from the middle class any contribution toward budgetary restraint."

—Peter Petersen

Through all the budget cutting of the past few years, the programs that deliver benefits to the middle class have hardly been touched. The budgetary axe has fallen most heavily on programs targeted for the needy such as Medicaid, food stamps, and legal services. That situation prompted former Secretary of Commerce Peter Petersen to characterize the existing social program as "a safety net for politicians who are unwilling to ask from the middle class any contribution toward budgetary restraint." Or, as Petersen concludes, we might regard the "safety net" as "a well-padded hammock for a collection of middle-class interest groups."

The Young and the Neediest

Critics of the current Social Security system cite other examples of how current arrangements favor older Americans over other needy groups. They point out, for example, that if a young adult has a disabling accident, he qualifies for monthly payments from SSI of just $325. Compare that to the situation of a retired person with no handicap who qualifies, on average, for pension benefits of $460. The question is whether an adult who is unable to work deserves any less help from society than a retired person who qualifies for public assistance on the basis of age.

Indeed, the clearest example of government benefits that are unfairly distributed is provided by the contrast between pro-

A Welfare Mother's Budget

Welfare benefits vary widely from place to place, because each state sets its own standard of need and the stipends to be paid. In an attempt to judge how well the social safety net works in practice, Nicholas Lemann, a writer from the Atlantic, *traveled to Houston, Texas, where welfare benefits and other social services are among the least generous in the country. Here is an excerpt from his report.*

One of the people I went to see in Houston was LaVerne Chatman, forty-eight-year old welfare mother who was living in a crummy apartment complex near the Scott Street welfare office. I got there early on a spring afternoon. Young men with narrowed, bloodshot eyes were hanging around in the parking lot, passing a bottle in a brown paper bag. Inside the apartment Mrs. Chatman and three of her daughters, Gwendolyn, Jacqueline, and Sandra, were sitting on furniture that had obviously been thrown away by someone, watching soap operas on a battered black-and-white television set.

Mrs. Chatman told me that ten people were living in her apartment: five of her thirteen children, Gwendolyn's two children, Jacqueline's child, and Sandra's child. She paid $375 a month in rent, which included all her utilities. The household's income was as follows: Gwendolyn was getting $148 a month from AFDC, and Jacqueline and Sandra $128 each. Mrs. Chatman had two children who were still minors, and the three of them got $738 a month in survivor's insurance from the Social Security Administration, because the children's father was dead. That stipend was the family's great fortune. Social Security is vastly more generous than welfare; the comparable AFDC check would have been only $148 — what Gwendolyn got. The whole household received food stamps worth $192 a month. The family's total income was $1,334 a month, or $16,008 a year — $11,508 after the rent was paid.

The food stamps came on the seventh of every month, and Mrs. Chatman would buy a 202-pound frozen Super Special Family Pack from Homestead Meat Company, a packinghouse 20 miles from her apartment. For $169 she would get 60 pounds of scrawny fryer chickens and ten pounds each of chuck steak, smoked sausage, tripe, turkey necks, pork bones, chitterlings, and pig's feet, along with some hot dogs, rice, sugar, Crisco, and other small portions of meat. Not having a car, she paid her nephew another $15 in food stamps to pick up the package. With the remaining $8 she would buy vegetables.

I saw Mrs. Chatman on the twenty-sixth of the month, and the Family Pack had already run out. With the $363 of her Social Security check that was left after the rent, she could buy some food, but she also had to pay for everything she needed other than rent and the Family Pack — toilet paper, soap, milk, laundry, clothing — and the money went pretty quickly. When the money did run out she could sometimes borrow a little from her brother, or let the family live on beans, rice, and hot dogs until the seventh came around again.

This was a common story in Houston. Nobody I met who had been leading a stable enough life to get on welfare and food stamps claimed to be hungry, but nearly all said they usually ran out of food stamps and had to live on beans and rice for the last week or so of the month.

Welfare mothers whose children are all older than five are required to register for the federal Work Incentive program and to look for jobs, but Mrs. Chatman said she couldn't — she had allergies and high blood pressure, and dizzy spells made it hard for her to stay on her feet. She had applied for disability payments and been denied, and was waiting for a decision on a rent-assistance grant.

The architects of the Reagan Administration's changes in the welfare and food stamp programs might look at Mrs. Chatman's circumstances and make several points. Isn't $16,008 a year in tax-free government benefits pretty generous, and pretty close to the median family income, even for a family of ten? Why don't the three daughters who are on welfare get jobs, and leave their kids with Mrs. Chatman? If not that, why don't they chip in more of their welfare money to the family food budget? If food is such a problem, why are none of them thin? And finally — the inevitable awkward question — why couldn't the daughters have been responsible enough to avoid having children out of wedlock?

Although the picture I saw was one of the classic multi-generational welfare family, statistics consistently show that very few people spend their whole lives on welfare. Gwendolyn, Jacqueline, and Sandra would be rarities if they continued through life without ever working. Mrs. Chatman herself was about to be forced out of the system; in May, when her second-youngest child would turn eighteen, her Social Security would be reduced to $369 a month, and three years later, after the eighteenth birthday of her youngest child, it would disappear.

One further question: Why ask these people, and not most of the rest of the beneficiaries of government spending, to bear the sacrifices that national fiscal responsibility entails? Why pick on them?

Excerpted with permission from the *Atlantic*.

grams for the young and the old. While the poverty rate among the nation's older citizens has been declining, the poverty rate among children has been rising. In 1983, according to the Census Bureau, 22 percent of the nation's children lived in poverty, up from 16 percent in 1970. For each senior citizen who is poor, four children under the age of 18 are living in poverty. Yet the programs which most directly affect children — particularly AFDC and food stamps — have been cut back in recent years. Advocates of social spending for the young are convinced that such benefits should be increased and that such benefits are justified not only on moral grounds, but also for a very practical reason. Children who are ill-nourished and ill-educated are not very likely to grow up to be productive adults.

If cuts are necessary, they should come first from those whose need is least, which is quite a different thing from what is currently happening.

Justice between the Generations

There is another flaw in the current benefit system, one which could create real tensions between the generations. While those who got in early on the Social Security system have done well by it, it could be quite a different story for the members of the "baby boom" generation.

To understand the problem, it is important first to understand how the Social Security system — which provides not just old-age pensions, but also Medicare, disability, and survivor's insurance and other benefits — is financed.

The Social Security system is often referred to as an insurance plan. Wage earners' payments are called "contributions" rather than taxes, as though they were voluntary. In fact they are not, and Social Security is fundamentally different from an insurance plan. Payments are not set aside to mature, thus to ensure future payment. Instead, payroll taxes go directly to those who have already retired. This is a pay-as-you-go system, not an insurance program. It is not, in other words, a system of enforced savings by which individuals provide for their own retirement, but rather a compact between the generations. Those of us who are currently in the work force pay for those who are currently retired. Our payroll taxes give us no more than a moral claim to support from the next generation when we retire.

When Congress adopted the Social Security Act in 1935, the pay-as-you-go system was both realistic and politically attractive. The population was growing, so more was paid in than was paid out. Many people who paid into the system in its early years didn't receive benefits from it, for the simple reason that they didn't live that long. In the 1930s, the average American died two years before reaching retirement, and among those who did live to collect benefits, few lived much longer. At a time when ten workers paid into the fund for each retired person who received benefits, Social Security taxes didn't take too much of anyone's paycheck.

Jill Freedman/Archive

"People have different claims on public support. The people who really need help need more than they are now getting. If they are to have it, other people must have less."

—James Fallows

Fiscal Child Abuse

The long-term retirement prospects for today's young people are very uncertain. The founders of Social Security made a fundamental mistake, in my judgment, when they failed to create a vested pension system. They created the illusion of a "trust fund." But there was — and is — no trust fund in any real sense.

We have today what amounts to a pyramid scheme, a chain letter across the generations. The sooner you got in line, the less you paid in and the more you got back. Those last in line — today's children or *their* children — could get little back. If you and I formed a private company that did this, we would be subject to prosecution. Yet our children must stake their economic future on just this kind of system. This is unconscionable.

When young taxpayers retire, Social Security will be far less generous than it has been for today's senior citizens. A typical retiree now gets $3 back — sometimes $5 or $10 — for each $1 contributed in payroll taxes. But today's 12-year-old boy can expect to receive less than 75 cents back for every dollar paid. Add to this the long-term burden of huge budget deficits. Every year we run a $200 billion deficit means that our children will have to pay $10,000 in extra taxes, over a lifetime, just to cover the interest cost. What are we doing to our children?

America's young are just beginning to awaken to what this debt will mean for them. Frankly, I am surprised that they have not already marched to Washington, circled the Capitol building, and shouted through bullhorns for us to stop this fiscal nonsense.

It is time we were more candid with young Americans. If Social Security is not likely to provide them with a decent retirement income, they need to have fair warning now. They can save on their own, and begin making additional arrangements for retirement.

Whenever we say "yes" to spending plans without having the courage to tax the American people to pay for them, we are saying "no" to our children's future. It's time we started saying "yes" to our children and "no" to calls for increased government spending. This will hurt. But these short-term sacrifices hardly compare with the fiscal child abuse America's young people will suffer if we do nothing.

Let's redirect our compassion and generosity toward our children. Let's remember that America is an extended family — a family that owes responsible stewardship to its young people.

Abridged and adapted from remarks by Representative John E. Porter (R-Ill.) to the U.S. Congress, April 4 and April 23, 1985.

So long as each successive generation is larger and more affluent than the last, a Social Security system operating on a pay-as-you-go basis works quite well. Indeed, over the past half century, Social Security has provided benefits that far exceed the value of the payroll taxes that individuals and their employers contributed. On the average, Social Security recipients today get back in just 19 months what they contributed over a lifetime, and eventually collect benefits that are five times greater than the combined taxes paid by them and their employers.

When Social Security benefits were expanded in the 1950s and 1960s, there was little reason for concern about whether such generous benefits could be sustained. It was an article of faith at a time of unprecedented economic growth that such growth would continue. In the midst of the postwar "baby boom," it was easy to suppose that rapid population growth would continue indefinitely as well.

But then things changed. The economy continued to grow, but less rapidly. The "baby boom" was followed by a "baby bust," by unprecedentedly low fertility rates. In planning for their retirement, the elderly anticipated that young Americans would be richer than they have turned out to be, and more inclined to raise large families. To complicate the problem, people are now living to an older age. The number of persons over 65 is growing three times faster than the population as a whole, and the number of persons over 85 is growing five times faster.

As a result of these factors, more elderly Americans have to be supported by a relatively small generation of younger workers. The burden of supporting the pension system is still manageable today. The problem is still largely prospective, one that will arise as the ratio of workers to beneficiaries falls to about two-and-a-half to one by the year 2025. Under those conditions, there will be a far heavier burden on workers to support the retired population.

If benefit levels are not redefined and the method of financing them remains the same, payroll tax rates will have to rise far beyond the current level of 13.4 percent of wages, divided equally between employee and employer. Asking workers to pay higher payroll taxes as their part of the cost of this generational compact is likely to prompt many people to ask why they should tighten their belts to support retirees, many of whom are better off than the workers who are subsidizing their retirement.

If nothing is done to change the current system, the whole generational compact may be threatened. Why should the younger generation feel bound by a compact drawn up without their consent, especially if they are likely to get back from that system little more in benefits than what they pay in?

In reconsidering the future of this arrangement, we are asking what the generations owe to each other. What are the obligations of working adults? At what level do higher payroll

Social Security Admin.
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Everyone gets chain letters from time to time, but this is not your standard chain letter.... This one really works. And it's 100% legal. Not only that, but this chain letter is guaranteed to start paying you money when you retire. We promise.
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USA

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taxes constitute an unacceptable burden? Questions need to be raised also about what older Americans should be entitled to. Could benefits be scaled down without violating that compact or doing damage to their welfare?

In any case, the future of Social Security, Medicare, and other retirement programs should not be regarded mainly as a senior citizens' issue. The real challenge is for people who are now in the labor force to devise an equitable arrangement so that when they retire, they will not impose an impossible burden on their children. Bonds of affection, compassion, and responsibility between the generations are among the deepest sources of a sense of well-being. To provide adequate care for the elderly without imposing an impossible burden on everyone else — that is the balance we should strive for.

Benefits to the Needy

If people now in the work force are to be assured of Social Security benefits in the future, some feel that there must be cuts in eligibility — cuts which could be achieved either by means-testing Social Security recipients or by redefining the retirement age. Imposing a means test to determine who should be eligible for public benefits is an imperfect solution. But considering the strains that are likely to result if the current system remains in effect, perhaps the time has come to abandon the concept of Social Security as a system blind to need.

The fundamental concern of people who take this position is that many of the benefits for the elderly are misguided, provided on the basis of seniority rather than need. Overall, federal programs transfer relatively little wealth to the poor. Mainly, they transfer wealth from workers to middle-class retirees. And that is the basic question, whether this is what the government's welfare program should do.

"The main idea waiting to be spoken," writes *Atlantic* magazine editor James Fallows, "is that people have different claims on public support. There are cases in which the state bestows its benefits equally on all. The children of rich and poor alike should be entitled to schooling at public expense. But to extend that logic to pensions and subsidies leads to commitments beyond our national means. The people who really need help need more than they are now getting. If they are to have it, other people must have less."

Back to the Basics

"We do not currently have a proper balance between government's role and what people should do for themselves. The welfare state should be trimmed back, and the private sector should once again assume an important role in providing social assistance."

Throughout the 1970s, there was growing discontent with the welfare state and its soaring costs. The election of Ronald Reagan in 1980 and of conservative candidates abroad brought what had formerly been a minority view into the very center of the debate. It is a distinctly different view of the most appropriate expression of our social obligation to assist others, and a different conception of who should be entitled to public assistance.

Both here and abroad, conservative critics of the welfare state have raised the basic issue of what the state's responsibilities should be. That was what British Prime Minister Margaret Thatcher had in mind in January 1984, when she announced her intention to undertake a fundamental review of the welfare state. At the time, she reiterated her belief that Britain does not currently have a proper balance between what the state should do and what people should do for themselves. She instructed a special commission to reconsider the entire web of public benefits that had been constructed since the end of World War II. Significantly, she asked the group to proceed from the assumption that the Beveridge Report of 1943, which provided the foundation of the welfare state in Britain, is no longer valid.

Since President Reagan's election in 1980, many people in this country have been doing the same thing, returning to the principles of mutual assistance that were first articulated in the New Deal and putting others in their place. The essence of the New Deal was that federal social programs were to extend the principle of neighborliness to the national level. FDR was the apostle of a new vision of the federal government acting on behalf of a national community. That vision provided the rationale for the welfare state as it has evolved in the United States over the last half century.

Critics of the welfare state reject the premise of an activist federal government committed to providing for the "social rights" of citizens. According to Mr. Reagan, a government that attempts to provide a vast array of social programs is "overgrown and overweight" and "should go on a diet." A "safety net" for individuals who are in dire need is appropriate, but such assistance should be reduced to a minimum. Concern for the poor should be encouraged as a private virtue, not a public duty.

Proponents of this position reject both the logic and the rhetoric of the New Deal. Pondering the bitter fruit of the Great Depression, FDR said that "heedless self-interest" is both "bad economics" and "bad morals." Conservatives reverse that formulation, replying that the welfare state is no longer either "good economics" or "good morals."

Essentially, people who take this position are critical of the government's social role in four respects. They feel that it damages the economy, and has perverse effects on character and motivation. They believe that many of its programs don't work, and that it undermines the sense of community that it is supposed to nurture.

REPENT YE MUST BE SOAKED AGAIN!
CLEANSE THY WICKED WALLET
I BAPTIZE THEE IN THE NAME OF THE POOR, THE WOULD-BE POOR, THE ELDERLY, THE ALMOST ELDERLY, THE HUNGRY, THE SOON-TO-BE HUNGRY, THE LITTLE CHILDREN, THE GROWN CHILDREN, THE NEEDY, THE GREEDY, THE COLD, THE HOT, THE GOOD, THE BAD, THE UGLY.
WASH OUR DEFICITS AWAY!!
OUR MORAL MISSION of PERPETUAL SPENDING
TAXPAYER
RED INK

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Limitless Spending

Time after time, the cost of social entitlements has far exceeded projections, and for a reason that is not hard to understand. Because these benefits come without charge to individuals, people tend not to economize in their use. This underlines one of the problems of the welfare state. There is a difference between receiving assistance from one's spouse, a relative or a neighbor on the one hand, and from a public institution on the other. In the first case, there are informal constraints which keep people from taking advantage of the assistance offered. When people receive benefits from the state, however, they often do not feel such constraints.

Critics of the welfare state feel that once it is set in motion, a system that provides many entitlements knows no bounds. Since FDR launched the New Deal, this nation has experienced 50 years of ever bigger government and ever higher federal spending. Over time, more and more "needs" have been defined as entitlements. Even as the demand for social benefits outstrips the ability or willingness of society to pay for them, few politicians can resist the habit of trying to please constituent groups who come before them for special favors. Consequently, the welfare state is driven toward insolvency.

Consider what has happened in Denmark and Sweden, where social programs are more generous and comprehensive than our own. When the rate of economic growth slowed down in these countries in the early 1970s, social spending continued unchecked. To cover the shortfall, both governments began borrowing heavily. By 1983, the Swedish deficit amounted to about 30 percent of the total government budget, while the Danish deficit was closer to 40 percent. Government borrowing at that level is self-defeating from any perspective. Both Sweden and Denmark now spend more on interest payments than on any social program.

The same process is underway in the United States. One way to avoid the vortex of debt into which Sweden and Denmark have been descending would be to raise federal taxes. But higher taxes sap a nation's ability to generate new wealth. Moreover, heavy spending on social programs pushes taxes up to levels where noncompliance becomes a real problem.

Here too, what has happened in the welfare states of Europe is revealing. In several of those nations marginal tax rates have ranged as high as 80 percent. At that rate, an untaxed dollar is worth five times more than one which is taxed, and that provides a real inducement to participate in the underground economy. Whether it is financed by public borrowing, high

"Poor people in this country are deeply entangled in a welfare system that is strangling any incentive they may have had to help themselves and their families by working to increase their income."

—Martin Anderson

taxes, or both, the welfare state inevitably ends up consuming the hand that feeds it.

So the welfare state poses a real obstacle to prosperity. It is not coincidental, critics point out, that as the public sector has consumed an ever-higher percentage of national income over the last decade, growth rates have faltered. Most conservative critics of our social programs conclude that the federal government has been concerned for too long with the distribution of golden eggs, and that the time has come to worry about the health of the goose. That is why social spending has to be cut back.

Thoughtless Generosity

While troubled about the high cost of the government's social spending programs, some people are even more concerned about their effects on recipients. In a recent book entitled *Losing Ground*, Charles Murray sets out to assess the effects of one of the major social initiatives of the past 20 years, the War on Poverty. Beginning with the commonsensical expectation that "if social policy is successful, we should see improvement over time," he looks for evidence of success.

Launched in the 1960s, the War on Poverty was an ambitious effort to provide a ladder out of poverty. Raising welfare benefits alone, so the thinking went, would do little to break the cycle of poverty that was evident in so many poor neighborhoods. Especially in the urban ghettos, families were breaking up, and children were ill-nourished, ill-educated, and generally unprepared to take productive positions in the labor force. Through programs such as Head Start, Neighborhood Youth Corps, and the Job Corps, the government sought to provide a remedy.

These programs embodied a new objective. They were an attempt to teach poor people the skills they need to help themselves. In Charles Frankel's words, "The ultimate test of a welfare program will be its effect in producing individuals who, like Eliza Doolittle at the conclusion of 'Pygmalion,' are prepared to walk out on those who have helped them and to open competitive enterprises of their own."

Despite expanded federal efforts to help the poor, there was little apparent progress. In 1980, as Murray points out, 13 percent of all Americans were still officially classified as poor — exactly the same proportion as in 1968. Over that period, the number of people living below the poverty line actually increased slightly.

The federal government had never before made such an aggressive antipoverty effort. Yet for all of the effort and expense of the War on Poverty, the best that can be said is that we may have managed to keep a bad situation from getting worse.

The obvious question is what went wrong. Murray's conclusion is that those programs inadvertently offered incentives to socially undesirable behavior. He faults well-intentioned policies for blurring the distinction between behavior that should be rewarded and that which should be punished. The result of those programs, he says, was higher illegitimacy rates, the breakup of the family, the erosion of discipline, and increased crime, all of which are most harmful to the people these efforts were supposed to help — the poor.

Ever since the first English Poor Law of 1601, it has been recognized that a society that wants to help the poor faces a dilemma. The problem is how to take care of the deserving poor without encouraging the undeserving in their indolence. Any welfare system runs the risk of undermining moral character by offering an easy way out.

Today many critics conclude that the very programs that were designed to assist the poor encourage long-term dependency. In the words of Martin Anderson, a domestic policy adviser in the early years of the Reagan administration, "Poor people in this country are deeply entangled in a welfare system that is strangling any incentive they may have had to help themselves and their families by working to increase their income. All our major welfare systems are 'income tested,' meaning that the amount of money received depends upon the amount of money the welfare recipient earns. When someone on welfare increases his or her earnings, the amount of welfare payments is reduced."

"In ironic consequence of our massive effort to eradicate poverty," Anderson continues, we have "virtually destroyed any financial incentive that the poor may have had to improve

Steve Kelley, *San Diego Union*

Critics of the welfare state charge that once entitlement programs are established, it becomes politically impossible to reduce or eliminate them, even when the costs are unacceptably high.

their economic condition. We have, in effect, created a poverty wall that, while assuring poor people a substantial level of income, destroys their incentive to work and sentences them to a life of dependency on the government dole."

Thus, perversely, the poor have little incentive to earn more, unless they have the unusual good fortune to find a job that pays at least twice the minimum wage. Under those circumstances, it is not surprising that the War on Poverty has accomplished so little. Precisely because the government was generous in its provisions for the needy, more ablebodied Americans decided that it is not worth the effort to remain self-sufficient.

The growth of means-tested programs, Murray argues, erodes the incentives for hard work, thrift, and initiative among those close to the poverty threshold. "To someone who is not yet persuaded of the satisfactions of making one's own way," writes Murray, "there is something truly laughable about an individual who doggedly keeps working at a lousy dead-end job for no reason."

That, to the critics of welfare, is a fine example of the unintended effects of well-intended programs. Government spending programs which were set up to help the poor create a series of disincentives to the very behavior they are trying to encourage. From this perspective, the alternative of cutting rewards for non-work is not as hardhearted as it may at first appear. It has the considerable virtue of offering incentives to what is in the long-term interest of both individuals and the society as a whole.

The Wrong Incentives

It is not just the poor who have been corrupted by the generosity of the welfare state, critics charge. As a general rule, you get more of whatever you subsidize. Every social program, they argue, has the potential of creating what is known in the insurance industry as a "moral hazard." When you take out a home owner's policy, for example, the insurance company is careful to sell you less protection than the market value of your property, for otherwise you might be tempted to bring about the very eventuality you have insured against. Conservatives argue that it is much the same with social insurance when benefits are too generous.

The Independent Sector

Any society searches for the right distribution of responsibility among its institutions. The process is complex and continuous, if not necessarily wise or just or effective.

Before the Great Depression, there was a formidable alternative to government action on most public problems — health, foreign aid, civil rights, regulation, education. American society was highly pluralistic. There was a widely shared assumption that the strength and conscience of the nation lay not in Washington, but in the vast variety of nongovernmental institutions.

But with the New Deal, Americans began to think of the federal government as omnicompetent. The ideal of limited government gave way to the idea of a welfare state, which would in time give way to the idea of the full-service state. After the depression and the war, the independent sector stopped growing. Indeed, it became something of a joke. Its rustic therapies were believed to be suited only to an earlier, simpler time. It was a proud part of the past, with its barn raisings and quilting bees and Christmas baskets, but in industrial society it was obsolete.

The idea that Americans would band together to do something — to build an opera house or find jobs for people who were somehow handicapped or set safety standards for electric toasters — was displaced by another. Americans began to form committees to implore the government to act.

Citizenship once meant more than voting — it meant direct, personal, hands-on involvement in the common concerns of the community. Today, that livelier dimension has nearly disappeared. As government has monopolized the public business, the role of the citizen has been dangerously diminished.

The heritage of the thirties is a society badly out of balance, its governmental sector overgrown and its capacity for concerted action outside government severely underdeveloped. Despite a generation of demoralizing neglect, the independent sector is a rich stew of organizations, formal and informal, good and bad, sensible and sentimental, serious and silly, big and little. There are probably three-quarters of a million voluntary organizations in the United States, plus 5 million or more informal ones acting on the public business in hundreds of ways — from running colleges and hospitals to providing disaster relief. It is time to ask if we can rebuild a vigorous independent sector, and in doing so, create an alternative to the welfare state.

Excerpted with permission from Richard Cornuelle, *The Caring Society*, (New York: G. P. Putnam's Sons, 1983).

Consider the moral hazard created by Social Security pensions. The program tempts people into a position of dependency that many would have otherwise avoided, by discouraging them from saving for their retirement, and encouraging them to retire while they are still able to work. Shortly after the Social Security Act was passed in 1935, the House Ways and Means Committee issued this statement: "While humanely providing for those in distress, Social Security does not proceed on the destructive theory that citizens should look to the government for everything. On the contrary, it seeks to reduce dependency, to encourage thrift and self-support."

Yet, 50 years later, Social Security provides by far the largest source of retirement income for most senior citizens. Among married persons 65 or older, 56 percent rely on it for at least half of their income. Among those who are single or widowed, the figure is 72 percent. Some would argue that because Americans have come to expect that Social Security will provide for more of the cost of their retirement, the old thrift ethos has fallen away. People who otherwise would have saved up during their working years to build a nest egg for retirement are instead lured into becoming dependent upon a program that was designed to offer only a subsistence minimum.

That is harmful, critics maintain, both to individuals and to the nation as a whole. If people saved more toward retirement, not only would they be more secure in old age but the resulting pool of capital could be used for capital investment, providing greater prosperity for all.

So the problem is hardly that we have not been generous enough as a nation. It is, rather, that we have too often been thoughtlessly generous, and inattentive to the consequences. Whereas advocates of the welfare state regard the federal government's social program as a humane expression of our concern for each other, its critics are more wary. Most of them do not favor the elimination of all social transfers. But they do insist upon a certain hardheadedness about what constitutes a just and humane social policy.

"Social transfers are inherently treacherous," writes Murray. "They can be useful. They can be needed. They can be justified. But we should approach them as a good physician uses a dangerous drug — not at all if possible, and no more than absolutely necessary otherwise." If reform does occur, writes Murray, it will only happen when "generous people stop kidding themselves" about the actual effects of well-intended programs.

Since, as conservatives believe, the public sector should do only what people cannot do for themselves, the very premise of the welfare state is flawed. One of the sad effects of a federal social program that has grown larger and larger is an increasing tendency for people to ask not what they can do for themselves or for their neighbors, but rather what the government can do for them.

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In most American cities, there is a wide variety of civic organizations. Would it be better if such community organizations took responsibility for more of the social assistance now provided by the federal government?

Charity Begins at Home

A final criticism of the welfare state takes us back to FDR's concern for nurturing a sense of community, of mutual obligation.

While there exists today an extensive social welfare apparatus, some people are convinced that the sense of social obligation and mutual concern has atrophied. In large part, that is a result of having turned over so many welfare functions to the federal government. The welfare state arose out of a recognition that citizens are part of — nourished by and obligated to — a community. But the centralized social welfare functions administered by the federal government have eroded that sense of community.

So much of the responsibility for social welfare has been turned over to the federal government that many citizens are no longer inclined to offer assistance to their neighbors, or to depend upon one another. The welfare state preempts private charity and local initiative. It causes Americans to feel less responsible for the needy in their own communities. Americans have come to rely more and more on government bureaucracies to meet their needs and to dispatch their sense of moral obligation to others. One pays one's taxes, and that seems enough. The government, after all, has programs for the sick, the disabled, and others who are needy. Having institutions take over these functions, it is argued, leads to increased professionalization, specialization, and separation of responsibilities — and that contributes to the further disintegration of society.

It is no longer second nature for individual Americans to wonder how they can personally remedy problems in their communities. Either we remain passive, or band together into interest groups to petition government to meet certain needs. And so, critics maintain, the welfare state erodes the very spirit of community that it was intended to embody, while fostering a degenerate sense of "entitlement."

So this is quite a different view of what our moral obligations to the community require and it is a distinctive view of how a sense of community arises in the first place. "A good society," as Richard Cornuelle observes, "is not so much the result of grand designs and bold decisions but of millions upon millions of small acts of caring and sharing, repeated day after day, until direct mutual action becomes second nature and to see a problem is to begin to wonder how best to act on it."

But how to cultivate that "second nature" of mutual caring? How to combine self-interest and the common good? Those are questions that Alexis de Tocqueville pondered some 150 years ago in the course of his American travels. His answer, conservatives feel, is still relevant today. Tocqueville, one of the most perceptive foreign observers of the American scene, concluded that it is only by cultivating a sense of social obligation that a democratic nation can avoid excessive self-interest. And that can be done only in local communities where citizens learn the habit of coming to each other's assistance.

Therefore, they propose to enhance a sense of community by returning some social functions to the local level. Doing so

offers the only real hope of stimulating once again a sense of mutual concern. That is why some are proposing to turn back from the increasing centralization of social programs which has taken place over the past half century.

So it is by stimulating voluntarism that a sense of social obligation can be restored. This is the reason for the Reagan administration's efforts to disband certain social programs at the federal level and return responsibility to the local, private, and voluntary level. As President Reagan puts it, the encouragement of private sector initiatives is not a "halfhearted replacement for budget cuts." It is "right in its own regard."

"It is time to reject the notion that advocating government programs is a form of personal charity. Generosity is a reflection of what one does with his or her own resources, not what he or she advocates the government should do with everyone's money."

—Ronald Reagan

The Folly of "Welfare Capitalism"

This, then, is the case for trimming back the welfare state, encouraging individuals to take more responsibility for their own needs, and prodding the private sector once again to assume an important role in providing social assistance.

Proponents of this view regard the welfare state as a symptom of the fact that the nation has lost sight of some of its core values. American society was founded in revolt against the excesses of government. The Constitution is quite explicit not only about what the federal government should do but also about what it should not do. Moreover, the Constitution emphasizes freedom of opportunity, not equality of result. Our deepest political commitment as a nation has been to liberty — the idea that the individual is the best judge of what is in his interest.

But the pursuit of a welfare state has taken us in quite a different direction. One of the costs of the welfare state, as Margaret Thatcher put it recently, is that "you take away quite a bit of a man's independence by taking away so much of his income." Those who agree with Margaret Thatcher feel that we should move toward a system that nourishes a sense of social obligation, and does so without hobbling the economy or eroding personal freedom.

It is folly, in this view, to believe that federal social programs should be the chief, and in many cases the only expression of our social obligation to each other. As President Reagan put it in a speech in early 1984, "It is time to reject the notion that advocating government programs is a form of personal charity. Generosity is a reflection of what one does with his or her own resources — not what he or she advocates the government do with everyone's money."

Critics feel that we should be honest with ourselves about what the social spending binge of the past two decades has not accomplished. Judging by the experience of the past 20 years, many welfare state programs do not work. Even worse, they have a corrosive effect on individual character and the economy. "Welfare capitalism" is a contradiction in terms. It is a system that is conducive neither to prosperity nor to promoting the public welfare. It is time to try something else.

5

Social Policy in an Age of Limits

"In the current reassessment of the federal social program, the underlying question is whether the solutions that were proposed in the 1930s and then amended and expanded in the 1960s are appropriate to the 1980s."

This is a particularly auspicious year in which to reassess the welfare state. The fiftieth anniversary of the signing of the Social Security Act is this year, 1985, which is also the twentieth anniversary of that flurry of legislative activity which produced the "Great Society" program, proudly described by President Johnson as "the greatest outpouring of creative legislation in the nation's history."

Pondering that project from the perspective of the mid-1980s, not everyone shares that exuberant judgment. Is the welfare state that has grown up over the last 50 years appropriate to our needs today? To answer that question we have to return to premises, to the public philosophy that is implicit in our public practice.

Three Perspectives on Welfare

The positions we have reviewed represent three quite different conceptions of the public interest, three distinctive diagnoses of the problem. To some, the problem is that we have not recognized that people have certain social rights, and that government has an obligation to provide at least the minimal requirements of individual welfare. To others, the problem is that in trying to do what is desirable we have neglected the essential. To the people who hold the last of our three positions, the problem is that we have been blinded by good intentions, and have used government to do what people should do for themselves.

The welfare state grew out of a sense of mutual dependence and a yearning for security — the sentiment that was conveyed in such movies as *It's a Wonderful Life* and elsewhere in postwar America. The question, then and now, is how best to implement those good intentions. The people who framed the UN Declaration on Human Rights were convinced that the creation of a welfare state is the way to do it. Many people today reach an entirely different conclusion, that a vastly expanded government program undermines the very sense of mutual concern that was so poignantly illustrated in *It's a Wonderful Life*.

In one of its aspects, this is a debate about which goods should be provided by government and which should be provided in the marketplace. The welfare state began as a response to the deficiencies of a capitalist system that provides to each according to initiative, inheritance, and luck. In much of the recent criticism of the welfare state there is quite a different theme, a reaction against excessive welfarism. Each of these principles, when carried to an extreme, has a serious flaw: capitalism has no heart and welfarism recognizes no limits. The debate is about achieving a proper balance between them.

Another aspect of this debate concerns the question of how best to express a sense of mutual caring and obligation. Proponents of the welfare state are convinced that a program of universal entitlements affirms and strengthens the social bond. Others who are concerned about the inadvertent effects of an

Who Received Benefits From the 1984 Budget?
People collecting Social Security 36,150,000
People helped under Medicare 29,663,000
Children in school-lunch programs 23,500,000
Medicaid beneficiaries 22,700,000
People receiving food stamps 20,867,000
Members of families receiving Aid to Families with Dependent Children 10,835,000
Veterans or survivors collecting pensions or compensation 4,195,000
Aged, blind, disabled receiving aid 3,609,000
Workers on unemployment compensation 2,850,000
Government workers 2,700,000
Military personnel 2,133,000
Military retirees 1,434,000
Civil service retirees 1,400,000
Additional millions of Americans were helped by other programs, such as small business loans, farm price supports, college student loans, and programs for disabled miners.

Source: U.S. Office of Management and Budget

expanded federal role take a different position. They are convinced that any decent community provides for the needy. Beyond that, however, they are concerned that the very programs that were intended as an expression of common concern may have the unintended effect of driving a wedge between the generations.

Some who reject the very premise of a welfare state see the matter differently. In their view, individual welfare depends upon a sense of mutual concern that arises from and is best expressed in local communities. Ultimately, in their view, turning over most of the responsibility for social welfare to government destroys the sense of community which these programs are supposed to embody.

There are real differences too, about such questions as why so little progress has been made against poverty. To the conservative critic Charles Murray, the reason why poverty persists is that social programs have inadvertently created the wrong incentives. Generous benefits amount to an inducement not to reenter the labor force. Advocates of liberal spending for the poor offer a different reason for the persistence of poverty. In their view, the problem is that government hasn't provided enough benefits to the needy to make a difference.

These different diagnoses of the problem lead to fundamentally different prescriptions about what should be done. Convinced of the value of welfare programs and the relief they offer from poverty, ill health, and financial insecurity in retirement, proponents of the welfare state insist that it would be folly to cut them back. What we should do, they feel, is to recognize the importance of such programs and guarantee them to all Americans. Others propose to trim back welfare programs, and to return many responsibilities to local communities. In their view, the best thing that government can do to enhance individual welfare is to carry out its basic tasks and not to impede economic growth by imposing the heavy taxes required to pay for an ambitious social program.

Hard Choices

So there are choices to be made, both moral and political. The moral questions can be stated quite simply. What do we owe to the sick, the poor, the infirm, to those of all ages who are unable to care for themselves? What do we owe to each other, regardless of need?

There are several dimensions to the political choices that need to be made, and each underlines the fact that this is indeed an era of harder choices. During the rapid-growth years of the postwar period, members of Congress had the pleasant task of deciding how to apportion steadily increasing federal revenues to new purposes and projects. At a time when there were few hard choices, there was no real need for a clearly formulated public philosophy. We could have our cake and eat it too. New social programs were created for the poor, and benefit programs

for the middle class were expanded. All the while, the income of most American families was rising quite rapidly.

But as economic growth slowed down, it was no longer possible for some groups to benefit without creating a burden for others. In recent years, we have rediscovered limits, and with those constraints come harder choices. The political task today is to make decisions which accommodate both our desire for a compassionate government and our realization that public funds are limited.

There is a reason why most elected officials are reluctant to state the alternatives we face in our social program. There are no easy solutions. Each alternative poses a dilemma and exacts a price.

If we choose the path favored by the first of these three positions, we will have to pay more and more for a welfare state whose cost is rising quite rapidly. If we take the second path and provide more to the truly needy, those of us who are better able to provide for ourselves will have to agree to more modest benefits. If we follow the conservative path and cut back the federal social program, we will have to share part of the burden that would be thrown back on families, charities, and local institutions.

A consensus about what should be done will be hard to reach because there is no agreement about which of these paths is the best one. And there is another obstacle to political action: the various things we want are inconsistent with each other.

Many people agree that the federal government is too big, that it spends too much, and that it is trying to do too much. Yet the biggest items in the government's budget are for the entitlement programs which provide benefits to millions of Americans. The Census Bureau reported recently that 47 percent of all households in the United States receive benefits from one or more government programs such as Social Security, Medicare, or food stamps. That means that some 39 million households have an immediate stake in preserving the benefits to which they are currently entitled. In the words of Gordon W. Greene, Jr., an analyst for the Census Bureau, "With almost half of all households getting some kind of benefits from the government, if you reduce spending levels, you affect a lot of people. There are a lot of constituents out there."

One of the goals of this discussion is to determine what we can agree upon regarding the government's role in providing for the welfare of individuals. Another is to reach a realistic balance between what we expect from the government and what we are willing to pay.

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"With almost half of all households getting some kind of benefits from the government, if you reduce spending levels, you affect a lot of people. There are a lot of constituents out there."

—Gordon W. Greene, Jr., U.S. Census Bureau

For Further Reading

For two views on the principle and practice of a welfare state, see Robert Kuttner, *The Economic Illusion: False Choices Between Prosperity and Social Justice* (Boston: Houghton Mifflin, 1984); and Sar Levitan and Clifford M. Johnson, *Beyond the Safety Net* (Cambridge: Ballinger, 1984).

In recent years, many people have been engaged in the task of examining the effects of liberal spending programs and redefining liberalism. For three perspectives on what is now often called the "neoliberal" position, see Paul Tsongas, *The Road from Here* (New York: Random House, 1981); James Fallows, "Entitlements," the *Atlantic*, November, 1982; and Phillip Longman, "Justice Between the Generations," the *Atlantic*, June, 1985.

Charles Murray's *Losing Ground* (New York: Basic Books, 1984) is a cogent and influential statement of the conservative perspective on the government's social role. For a thoughtful meditation on tensions between individualism and community obligations, see *Habits of the Heart*, (Berkeley: University of California Press, 1985) by Robert N. Bellah, *et al*.

Acknowledgments

Many people participated in the process of deciding upon this year's topics, discussing how they should be approached, preparing the materials, and reviewing their content. Once again this year, David Mathews and Daniel Yankelovich provided both guidance and support. Jon Kinghorn played an indispensable role in keeping the various parts of this far-flung network in touch with one another, and providing assistance of many kinds to the convening institutions and forum leaders.

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NATIONAL ISSUES FORUM: RELATED MATERIALS

The following materials may be ordered for use with the 1985 National Issues Forum. Please specify quantities for each item in the space provided, fill in complete mailing address, and enclose check payable to: Domestic Policy Association. Orders must be paid in advance.

Materials for the 1985 Forums

Quantity		Cost Per Unit	Total Cost
	Issue Books		
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_____	The Soviets: What Is the Conflict About?	$3.00	_____
	Discussion Guides		
_____	Welfare: Who Should Be Entitled to Public Help?	Bulk Orders 100 for $5.00	_____
_____	Taxes: Who Should Pay and Why?	Bulk Orders 100 for $5.00	_____
_____	The Soviets: What Is the Conflict About?	Bulk Orders 100 for $5.00	_____
	Reprints of the Questionnaire		
_____	Welfare: Who Should Be Entitled to Public Help?	Bulk Orders 100 for $5.00	_____
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_____	The Soviets: What Is the Conflict About?	Bulk Orders 100 for $5.00	_____
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	All three topics are available on one tape.		
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_____	Difficult Choices about Environmental Protection	$3.00	_____
	1983		
_____	Priorities for the Nation's Schools	$3.00	_____
_____	The Deficit and the Federal Budget	$3.00	_____
_____	Nuclear Arms and National Security	$3.00	_____

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2. Welfare: Who Should Be Entitled to Public Help?

Please answer these questions after you have attended the discussion or read the booklet. Answer them without reference to your earlier answers. Then hand in both reports to the forum moderator, or mail them to the Domestic Policy Association in the attached prepaid envelope. (In case no envelope is enclosed, you can send these pages to the Domestic Policy Association at 5335 Far Hills Avenue, Dayton, Ohio 45429).

PART I

People differ about what kind of help the federal government should provide to individuals and families. Some people think that the federal government should provide each of the following benefits. Should all Americans receive these benefits? Should only those Americans who need such benefits receive them? Or should the federal government not provide such benefits at all?

The government should provide:	For all Americans	Only if need exists	Not gov't role	Not sure
1. retirement benefits	☐	☐	☐	☐
2. fully paid college education	☐	☐	☐	☐
3. free medical care	☐	☐	☐	☐
4. low-cost housing	☐	☐	☐	☐
5. unemployment compensation	☐	☐	☐	☐
6. low-cost loans for college students	☐	☐	☐	☐

PART II

Indicate whether you agree or disagree with each of the following statements about federal social programs:

	Agree	Disagree	Not Sure
7. Senior citizens are too dependent on Social Security pensions. Americans should save more and expect less help in retirement from the government.....	☐	☐	☐
8. Poor people would do more to improve their own situation if government benefits for the unemployed weren't so generous.....	☐	☐	☐
9. We simply can't spend any more on social programs without hurting the economy.....	☐	☐	☐
10. As the federal government has taken on more and more responsibility for social programs, people have become less inclined to come to each other's assistance.....	☐	☐	☐
11. The size of the Social Security pension checks people receive should be based upon need and not upon what individuals paid into the system.....	☐	☐	☐

PART II (continued)

	Agree	Disagree	Not Sure
12. In order to guarantee Social Security retirement benefits to the baby boom generation, benefits will have to be gradually reduced and the retirement age increased	☐	☐	☐
13. Too many benefits go to the middle class, and not enough to those who are needy	☐	☐	☐

PART III

No matter what is done with federal social programs, there are certain costs to be paid. With these costs in mind, which of the following courses of action do you favor?

14. To cover the rising cost of current benefits, I would agree to pay higher taxes	☐	☐	☐
15. To provide more benefits to the truly needy, I would agree to reductions in the benefits to which I am currently entitled	☐	☐	☐
16. To deal with the effects of across-the-board reductions in social programs, I would agree to take substantially more responsibility for the burden that would be thrown back on my family and community	☐	☐	☐

PART IV

17. Which of the following DPA activities did you participate in?
- Read the booklet ..... ☐
- Attended a Forum ..... ☐
- Both ..... ☐
- Neither ..... ☐

18. Did you participate in a DPA forum *last* year?
- Yes ..... ☐
- No ..... ☐

19. Did you (or will you) participate in DPA forums on other topics *this* year?
- Yes ..... ☐
- No ..... ☐

20. What is your zip code? ..... _____

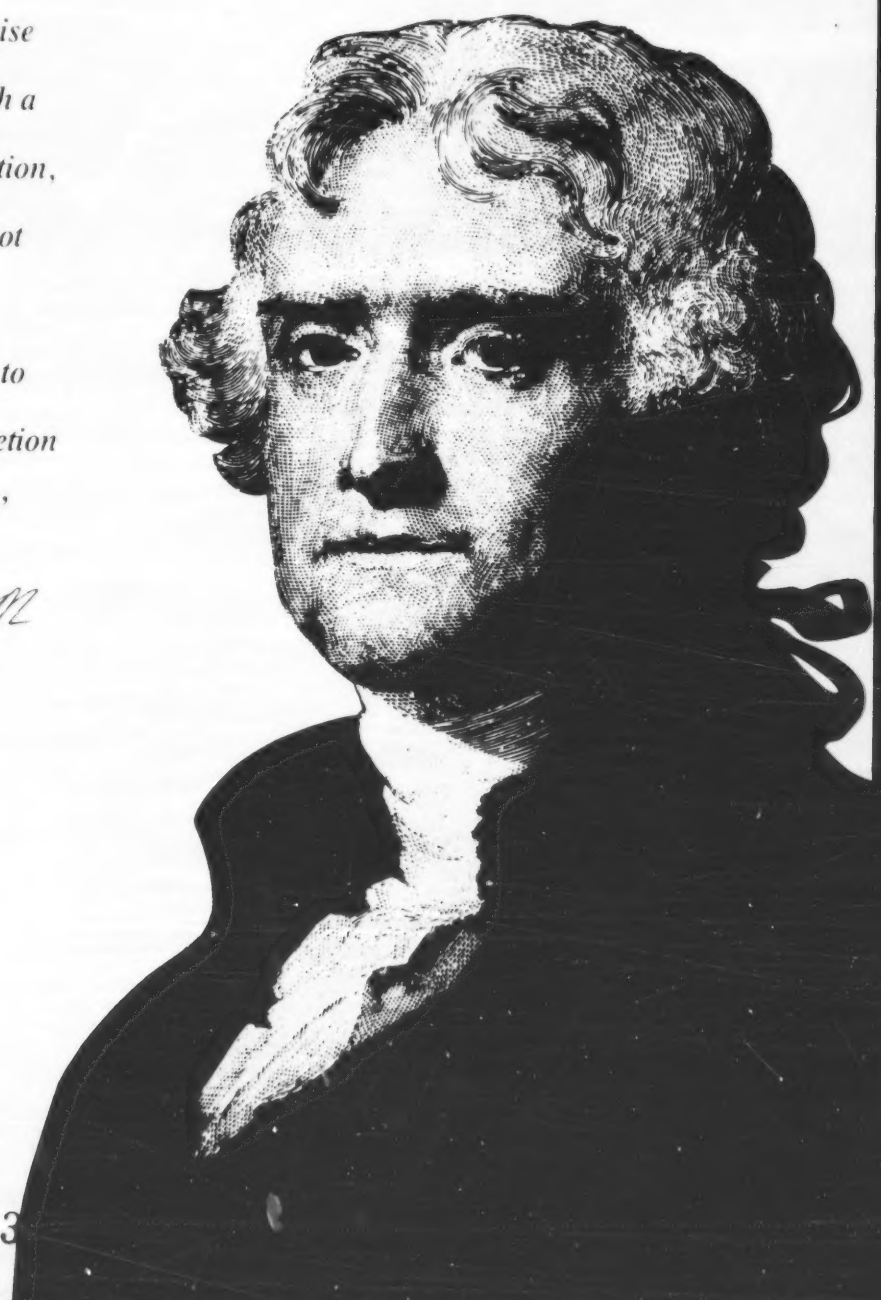
21. Which of these age groups are you in?
- Under 18 ..... ☐
- 18 to 29 ..... ☐
- 30 to 44 ..... ☐
- 45 to 64 ..... ☐
- 65 and over ... ☐

22. Are you a man or a woman?
- Man ..... ☐
- Woman ..... ☐

23. If you could convey one message to the nation's leaders on welfare and entitlement programs, what would it be?

"I know no safe
depository of the
ultimate powers
of the society but the
people themselves;
and if we think
them not enlightened
enough to exercise
their control with a
wholesome discretion,
the remedy is not
to take it
from them, but to
inform their discretion
by education."

Th Jefferson



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